



U.S.-PANAMA TRADE PROMOTION AGREEMENT

New York Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New York's agricultural products, including dairy, fruits, and beef. New York's agricultural exports to all countries, estimated at \$1.1 billion in 2010, supported roughly 8,400 jobs, both on and off the farm. These export sales make an important contribution to New York's farm economy, which had total cash receipts of \$4.4 billion in 2010.

Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs), totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

Fruit and Fruit Products

- Panama will immediately eliminate its tariffs on nearly all fresh and processed fruits and fruit products, including cherries, grapes, raisins, apples, and apple juice.
- The 10-percent tariffs on most dried fruits will be eliminated in 5 years, and the 15-percent tariffs on many single strength fruit juices and juice mixtures will be phased out over 5 to 15 years.

Vegetables and Vegetable Products

- Panama's tariffs on nearly all frozen and processed vegetables, currently 15 percent, will be eliminated immediately.
- Tariffs for most fresh vegetables will be eliminated in 10-15 years, with the 15-percent tariffs on fresh tomatoes eliminated in 12 years, and the 30-percent tariff on fresh carrots eliminated in 10 years.
- Panama will establish an 816-ton, duty-free preferential TRQ for fresh onions, growing 2 percent annually. The tariffs on dried and processed onions will be eliminated immediately.
- Panama's tariffs for canned tomatoes, tomato powder, tomato juice, and juice mixtures containing tomatoes will be eliminated immediately. Panama will establish a 798-ton duty-free preferential TRQ for

tomato paste, with the over-quota tariff of 81 percent to be phased out within 15 years. U.S. exporters will continue to have access to the global 1650-ton TRQ for tomato paste that is part of Panama's WTO commitments. Panama has agreed to eliminate the tariff for imports under that TRQ for the period from September through February each year.

- The tariff on potato chips will be eliminated immediately and the tariffs on potato flakes and other potato preparations will be phased out in 5 to 10 years. Panama will establish a 3,640-ton, duty-free preferential TRQ for frozen precooked French fries. This will grow by 4 percent annually and the over-quota tariff will be eliminated in 5 years. Panama will also establish a 765-ton, duty-free preferential TRQ for fresh potatoes that will grow 2 percent annually.

New York Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$4.4 billion	\$1.1 billion
Dairy Products	\$2.2 billion	\$288 million
Fruit and Fruit Products	\$305 million	\$184million
Vegetable and Vegetable Products	\$302 million	\$88 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.